

California Department of Corporations

Top 10 Ways to Expedite 2007 Franchise Renewal Applications

With the annual franchise renewal application process upon us, the Department of Corporations is providing the following “Top 10 List” of helpful tips designed to assist you with your renewal application and to help us expedite the review process. Our goal is to provide you with suggestions on how to ensure your application is complete and avoid unnecessary delays due to insufficient information. All references to Rules, below, are to Sections of Title 10, California Code of Regulations.

Please Note: Any grossly deficient application (e.g., the filing of a cover letter and a check WITHOUT the current UFOC or franchise agreement) will be summarily rejected and the application and check will be returned. The applicant will then need to file another renewal application or (if the renewal period has passed) a new registration application with the full fee.

When applying to renew a franchise registration, please provide the following with the renewal application prior to the annual expiration date specified in Rule 310.120:

1. A cover letter referencing the Department’s file number – also include a discussion of any special risks disclosed in the Uniform Franchise Offering Circular (UFOC), as revised April 25, 1993.
2. The Uniform Franchise Registration Application should be complete, and include all of the following:
 - Application Transmittal Letter and Application Facing Page
 - Filing fee of \$450, payable to the “California Department of Corporations”
 - Signed and notarized Signature Verification Page, Corporate Acknowledgment
 - Customer Authorization of Disclosure of Financial Records
 - Signed and Notarized Consent to Service of Process (not required for a California corporation, still required for other types of CA entities and all foreign entities)
 - Manually Signed Consent by Company’s CPA
 - Supplemental Information Page with completed budget
 - Sales Agent Disclosure Forms (for agents selling in California, clean and redacted copies)
 - Entire UFOC with all exhibits including the Franchise Agreement and audited financial statements
 - Guarantee of Performance (if required)

In addition to filing a paper or hard copy of the renewal application and the above-listed items, an applicant may also wish to submit the applications and items on a CD with each item named in a clear and concise manner (e.g. transmittal letter, facing page, Customer Authorization, UFOC, Attach. 1 Agreement, Ex. 5 Financials, etc.) All of the documents submitted should be converted to Adobe Acrobat “.pdf” files. This additional submission will expedite the processing of the file into the CalEASI database. The cover letter from the attorney or officer of the Company submitting the file should contain a representation that all of the information contained in the electronic “.pdf” files is identical

to the paper documents. If you are submitting a CD, a hard copy of the initial or renewal application must still be submitted.

If **sales agent disclosure forms** are being submitted with the application, it will also be very helpful if you include un-redacted and redacted hard copies of the forms as well as un-redacted and redacted CDs in the electronic “.pdf” format. The “un-redacted” materials should contain a complete copy of the sales agent disclosure forms for the Department’s confidential files. The “redacted” materials should contain a copy of the sales agent disclosure form with the sales agent’s personal information deleted (i.e., home address, home telephone number, date of birth and social security number) for the Department’s public files. The cover letter from the attorney or officer of the company submitting the file should contain a representation that all of the information contained in both versions of the forms is identical with the exception of the deleted or redacted personal information.

3. Remember to underscore any changes to the UFOC or to any other document previously filed. See Rule 310.122.1. Color highlighting is not acceptable.

4. ***Do NOT bind, staple or use paper clips or fasteners of any kind on individual documents to separate an individual document from another. Please use colored divider/separator sheets between different documents and then rubber band or clip the entire application together. For faster electronic processing, we recommend that the filing be submitted using only single sided documents. This does not preclude the applicant from using double sided documents once the franchise is registered.***

5. Include copies of any advertisement to be used and file separately the original notice of exemption for web site advertisement (review Rules 310.156 through 310.156.3) and attach a copy (so marked) of this filing to your application. The written notice claiming the Internet Ad exemption under Rule 310.156.3 should include a heading to help staff identify the notice, such as:

NOTICE OF EXEMPTION FOR INTERNET ADVERTISEMENT
SECTION 310.156.3 OF
TITLE 10, CALIFORNIA CODE OF REGULATIONS

6. File separately the original notice(s) for negotiated sales under Rule 310.100.2 and attach a copy (so marked) of this filing to your application. Include the statement as required by Rule 310.122. See also Corporations Code §31109.1 and Rule 310.100.4.

7. Financial statements must be audited. See Rule 310.111.2. See Commissioner’s Release 15-F (available on the Department’s website) for a discussion of U.S. GAAP.

8. Remember to comply with the “plain English” requirements and special instructions for the UFOC. See Rule 310.114.1.

9. The documents must be signed by an officer or general partner of the franchisor or an individual with a power of attorney if the appropriate resolution is attached.

10. Renewal applications should be filed at the Los Angeles or San Francisco offices.

List of Documents for Franchise Registration/Renewal

Document index

CD #1

Application Transmittal Letter

Application Facing Page

Certification Page

Consent to Service of Process (required for all except CA corporations)

Corporate Acknowledgement

Supplemental Information

Sales Agent Disclosure Forms (redacted)

Guarantee of Performance (if any)

Auditor's Consent

Franchise Offering Circular (clean/marked copy)

Receipt

Exhibits:

Franchise Agreement (clean/marked copy)

Financial Statements

Area Development Agreement (if any)

List of Administrators

Agents for Service of Process

List of Franchisees

List of Former Franchisees

State Specific Appendix

Other Exhibits

CD #2

Customer Authorization of Disclosure of Financial Records

Sales Agent Disclosure Forms (un-redacted)

Visit our web site! We would appreciate feedback from you about your application process. Was it handled in a timely manner? Is there additional information you would like available on our web site? Please let us know by completing a Customer Satisfaction Form available on the Department's web site: www.corp.ca.gov